

OBSERVATIONS

ON THE

WEALTH AND FORCE

OF

NATIONS.

By CHARLES M'KINNON, Esq;

The pristine reminiscence of juvenile jucundity.



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Given by the Father to Sir James Spant to be
disposed of as he pleases.



OBSERVATIONS, &c.

I HAVE endeavoured to avoid what I have found elsewhere; but, whatever faults in that, or any other way, be in the book, living here, not unengaged, and having but a small library, I can have little hope of repairing them soon.

Kilmorie in Sky, }
Oct. 17. 1781. }

Observations on the Wealth of Nations, supposed to have no dealings with others.

THE expence annual (for instance) of a nation, is supplied from its income during that period, and the savings of former years. Whatever a man believe to be the first, a few lines will hold his account of the second.

Progress

Progress of Wealth.

If a man proposes to make a piece of clothing, an ornament, or a weapon, he must lay in food to subsist himself while he is about it. If he employs another man to furnish him any such things, he must give him food, if he has it not of his own. What was once a luxury, is, in process of time, held a conveniency, and may afterwards be held a necessary. Now, it is the same thing whether a man gives another articles, or the food to subsist those who make them.

Income Annual (for instance) of Nations.

THE *first* attempt, worth mentioning, to ascertain this, was made some little time ago
by

by Quesnai, first physician to the King of France. It has been supported by many respectable men. His opinion was, the income of a country was its commodities, with this limitation, that artisans added nothing to the national income. They did not produce the materials they worked on. The society, therefore, received by their labour only one sort of commodities, instead of another necessarily consumed in fabricating it.

The *next* is that of the ingenious Doctor Smith, imagined, I believe, without any assistance from the authors who defend the opinion just mentioned, though not published till very lately. It is, 'That the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry; or rather, is precisely the same thing with that exchangeable value.' For *rich* is the word by which we express that a person or a nation has many commodities, and
 whatever

whatever opinion may be entertained of human capacity and steadiness, few fabricate what is not of some use to themselves or others.

A man bestows any income on any number of people : It will not be disputed that the income he gives may be the same, whether they live in his house or not ; whether they fabricate any thing for him or not : That he may get the same work done by them, whether they live in his house or not ; and that they may do the same work for him, whether they live in his house or not. Supposing, now, on the one side, that they are absolutely idle, and, on the other, that they do more or less work for him. In this last case, he has, from any income, the same benefit as if, in the former, he had the same income, with as much more as would procure the work. Supposing a man gets any quantity of work done, and another gets the same work done for less income, this last is, for
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the time, in respect to the former, in the same situation as if he had as much more income as the difference of income bestowed amounts to.

Supposing the income the same, and that work can be got for the same price, it will be held a matter of indifference whether the work is executed or not.

But who are the employers? What I have said in the former section, leads me to think that all others are employed by the holders of the food.

If it is observed, that the more government takes from any class of people, the less it has for itself, and the less it can give others, it is of little consequence to a country whether the government states its income to be the food, or the food, with some other articles held the most necessary; the whole produce of the land with the French financiers,

nanciers, or even with Smith, the produce of "all the lands and all the labour."

I have, in the following observations, confined my view to those nations where the people are free, and business carried on by persons who advance their capitals. My reasonings do not depend on my peculiar opinion on the income of nations.

*Variations in the Income Annual (for instance)
of Nations.*

The quantity of commodities in any country is greater or less, as the people are able and willing to produce. Their ability and inclination may be such, that the wealth may go on in increasing till it reaches its greatest possible height; may continue long the same; may diminish for a long time; or a flux and reflux may take place, on the balance of which, in any

ny period, it is found to have increased, to be the same, or to have diminished.

Some may know more, attend more than those whose places they fill, and increase their capital ; others may be only equal to their predecessors, and keep their capitals the same ; others, again, may know less, attend less, than those who went before them, and are not able to keep up the capitals they received. Differences in the qualities of the labourers may also have an effect.

No art, once made public, is lost, the danger and expence of which men are willing to bear ; discoveries are continually made ; the capacity of men, as well as their knowledge, increases ; and, when men err in choosing their projects, they usually err on the safe side.

The increase in the production may begin from the holders of the food (for example)

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ample) wishing to secure his subsistence, or a desire to procure some particular article, or he who otherwise would not have exerted himself, is tempted by the articles the artisan lays before him. The narrower, of course, the competition in the sale of any commodity is, it may be expected that those who produce it will exact less work from the labourers they employ, and be more indifferent about the quality of it; the labourers, therefore, are less skilful, dexterous, and less able to bear fatigue.

Men may voluntarily produce less,

FOR fear of not getting sale.

Finding, or presuming that a quantity of goods sold at a higher price gives as much, or more profit, than a greater quantity sold at a lower rate.

The uncertainty how much of the fruits of their labour they will be deprived of, the hopes

hopes of having warning for one, three, five, twenty years, the fear of quarrels, these may affect their industry for ages.

Of the Labour of Soldiers, Menial Servants, &c.

If, instead of ten persons, (for instance) twelve of equal skill and industry are employed in producing commodities, there must be more produced; that is, in the view I place things, the difference, as far as employed in some occupations, augments the income; by its being employed in others, the income does more.

The national income may have been carried to its utmost height; but the same portion of it that subsisted men as footmen, may subsist them as artificers.

Though the quantity of every commodity might be increased, yet that increase will

will not take place immediately upon the change in the application of the income. Some time is requisite to learn any occupation; and on any considerable fall of wages, or the apprehension of it, some of those who are most at their ease, will leave off work, for more or less time, to inquire after other employments.

It may happen, too, that there follows no diminution of commodities from even a considerable diminution of hands.

The national income may be the same whether the portion of it laid out in persons of such occupations, be bestowed on troops or footmen.

Cheapness.

Many who would not give twelve days labour for an article, would be tempted to exert themselves if it cost only six.

Price.

Price.

It may happen that a people, from having, in former times, and still been forced to exert great industry, makes quicker advances in wealth than other nations more at their ease.

It may happen, too, that a nation which can provide itself by exertions absolutely smaller, may get before others who make greater.

As European nations now are, I think increasing the difficulties would only retard.

Mines of Money Metals.

DAVID HUME, with the perspicuity natural to his vast mind, has showed how an
addition

addition to the quantity of money increases the production in a country : Dr Smith has observed, that an addition of money is not more beneficial than an addition of commodities, if it does not put more industry in motion : I wish to point out the effects caused by an addition of signs, and those caused by an addition of consumeable commodities.

If the commodities already in the country cannot be increased, the effect of introducing a commodity, can only be to hinder the sale, or lower the price of those already in it ; of a sign to lower the value of the other signs. The effects are the same, if the commodities are not increased by either addition.

A consumeable commodity can cause no more production than the quantity of commodities it is sold for.

A gives the sign to B for commodities, B gives it to C for others; it may cause a production greater than what it was sold for, the production may be various, I cannot pretend to say how high it may rise.

Gold and silver are the most useful signs; they lose less by keeping, and they are of surer sale than any other consumeable commodities which accidentally may perform the office of signs.

*Of the extent of Capital required to carry on
the National business.*

SUPPOSE two countries, of which the produce (for example) of the land in the year (for instance) is equal; that, in the one, the whole is in one crop, in the other, in two equal crops; and that, in it the payment

ment for the first crop comes in soon enough to carry on the cultivation of the second. In the former it is visible that twice the capital is required to produce the same total.

I have not endeavoured to calculate how small a capital may employ the artificers of any country.

Suppose two countries, of which the sales are equal; that, in the one, the accounts are paid in six months, in the other, in twelve; in this last, the merchants must have twice the capital.

Of Bounties, Regulations, &c.

It may happen, that the industry of some part of the people is employed in objects less beneficial to themselves and the state.

In

In any art, useful methods may be known in one province that are not known in others ; they may be borrowed from foreign nations ; discoveries may be made ; these, however valuable, may be adopted but slowly. I do not know whether men will ever be able to prove that the skill of any country is such that more cannot be done.

Some men, had they capital, might accomplish designs, which would, in more or less time, replace to government an outlay.

The interest of no one class of people is necessarily the same with that of the state. The produce of a piece of ground may be as 20, leaving a profit of 10, or it may be as 16, leaving a profit of 9 ; the business of fishing may, in some degree, admit similar variations ; the artisan may have profit in his business, 10 or 15, as he manages it ; while the national income has advanced (for instance) a seventh, the population

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has

has advanced a fifth, and the employment of the labourers less secure.

A question will, on these views, occur, what government may gain by bestowing money, or by penal regulations ?

The more simple the inquiry, the more honesty and simplicity is in the character of the subjects ; the less any change proposed crosses their ideas of their own interest or their vanity ; the less the government is disturbed by parties, the less vigour is required in administration.

The outlay may be raised from so many, that each shall not regard what he pays to it.

Giving the aid in one sum may often be very proper ; government may give only what it pleases ; but persons of the best intentions may fail often in their projects ; government may be imposed on, and many may enter more hastily into bad schemes,
or

or indulge themselves in pernicious expenses from hopes of having a considerable part, if not the whole, of their outlay replaced by government. On these accounts it may often be thought proper to give the assistance according to the quantity produced, however great that be. Hurt may follow from discontinuing the assistance given in this manner. The weakness or corruption in the government may increase so far, that this too may be given to such as have not laboured for it.

Government is still more exposed to mistake in endeavouring to discover what chance it has of changing the direction of national industry, and how much it ought to lay out on such views; it can more easily discover whether the change proposed is beneficial, at least to such a degree as to make it proper in it to venture.

Premiums are given merely for discoveries in the arts, the expence of them is supposed

posed to be a matter of indifference to the state.

Such, however, has hitherto been the frame of man, that, if a rule were to be laid down over the whole world for ages, there is no room to hesitate a moment in deciding, that government ought to interfere no further than to give its subjects security in their property ; all the confidence possible that they shall enjoy the fruits of their labour ; prevent all restraints on competition in the production ; make these works that private persons would not or could not do, as roads, canals, and reward discoveries in the arts.

The more profit any person makes in his business, the more government may get from him, and the wider the competition, the more each man strives to produce as much as he can, as good as he can, and as cheap as he can.

It

It has been proposed, about a century ago, to give in France pecuniary encouragements to marriages contracted so early as twenty years. A man who had a wife, and the prospect of a family, may be expected to exert himself more; when the young ones bred in consequence, are grown up, the fall of wages, from the greater number of labourers, enables the undertaker to execute more projects with the same funds. The encouragement was to be given to those who would have married without it as to those who would not. If the encouragement was not only a reasonable inducement to marriage, but sufficient to prevent the greater mortality among the children of the poor that might be expected from the increased number of marriages, so as that a greater number of children might actually be reared, (which was not given), there was no reason to expect that the benefit would compensate such an outlay. To discover all, or nearly all, those who would not marry without the encouragement,

agement, is perhaps the inquiry of all others in which government has the least reason to expect success: As France then was, it is probable that even the vigorous administration of Colbert was no way equal to the task.

A case may be supposed in which people ought to be had, in case of wars or contagious distempers. I know not that it has hitherto been proper to pay much money in any country on that account.

Of the Revenue of the Government.

GOVERNMENT may take any article from those who have produced it, or from those who have got it of them.

Whatever part of the income of any class of people government takes, the class has the less for itself, and the others can get the less from it.

Government

Government may either give away the whole again among the people, or hoard a part. However great the portion government takes may be, the income of the nation may still remain the same; though it may buy dear, or sell cheap, yet those into whose hands it gets through government, may be as able and willing to take care of themselves as other people; but, as it may not bestow its income on those it came from, individuals may suffer greatly.

Many are surprised that a man of any moderate understanding should not observe that income would circulate through the nation from the hands of the subjects, as well as from those of the prince, and that the outlays of the prince would circulate as well, if bestowed on canals and high-ways, or even troops and military stores, as on palaces, gardens, and agreeable attendants. Such has been the progress of man in every inquiry of fact and existence.

How

How soon additional rent can be afforded, government, in some cases, no doubt, ought to take it; in others, it ought to abstain for a longer or shorter time.

Where the subjects know not how much of the produce of the land (for example) government shall exact, some may enterprize in hopes of defrauding the government, and are disappointed; the national income of the year (for instance) may not be lessened by their enterprize; their capital may; the dispute may cost government something, and the example may lessen the scandal attending injustice and fraud, where government is concerned.

An excise on a commodity may be a tax on the rent, on the tenant, on the producer, on the labourers employed in producing it, or on the consumer, as accident determines. Labouring persons are the least able to hold out in the combination, from their poverty and their numbers.

It

It may happen that the salary paid to working people, though perhaps not the price of labour, is by such taxes raised so, the national income, not increasing fast enough, that for severals there is but a scanty subsistence, and, for some, none.

Laying an excise on a luxury may cause less of it to be produced; but, it has been observed, that most men are not induced to quit their country, but by very great difficulties, and, while there is security, their capitals will not lie idle. Such a tax may retard the advances of a country, by raising the price of the article; because, what does not allure one, may allure another. In countries where the income has reached its greatest possible height, and the skill is sufficient, there is no room for this or a similar objection. Even in the others, if, instead of laying on the whole in land-taxes, a large sum were laid on luxuries, I believe that the small proprietors would almost always, in the course of a life, have

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more

more to themselves, after paying what they chose of the excises, than in the other mode of imposition.

The greater portion each person has of the national income, the more government can take from him. A tax on the necessities of life may hinder people from breeding; but, by allowing the numbers of the people to increase, wages might fall lower, government might hire cheaper, which, with the improvement in lands, &c. that might follow on the lower wages, might make up the excises to government by taxes on rent.

Perhaps, by laying a poll-tax in smalls (for instance) by the week, a considerable sum might be got without much oppression of the most thoughtless; at worst, government might make use of it, to get at the income of those who would not consume the commodities it chose to tax.

Of

Of Hoards.

I NEED only mention such articles as men have for food, clothing, lodging, travelling, amusement, and show, with the instruments used in providing them. These, with medicine and war, are all the commodities of any country. My opinion on the expenditure of any of these is already seen.

By making the hoard, on the one hand, the people have less commodities, and their numbers are perhaps less; on the other, the commodity is got more readily when wanted, the growth of some articles is more or less uncertain; and some distress among the poor, which always follows on a change in the expenditure of national income, is avoided.

Food

Food is in some situations precarious ;
who has it, has all that the skill and industry of the country can give.

Population.

A NATION may have the same income with another more or less numerous.

Much of the labour done in one country by cattle or machines, may be done in another by human animals.

Suppose any income divided among any number of people.

Their numbers may increase faster than the income, and the income may increase faster than their numbers. Their numbers may diminish faster than the income, and the income may diminish faster than their
their

their numbers. Both may increase or diminish equally. Both may stand still.

In all the countries we know, almost every man would, from one motive or other, marry, if he thought he could have what is in the ideas of the times and country a subsistence for his family. Surely the income may diminish so far as that fewer can rear families. Where the income has been for some time the same, it is probable most of the people have small portions; perhaps still more generally in such as are far advanced in the arts; in these, the women may earn more, and the children earn earlier.

Poverty.

A part of the national income is destroyed, or its source stopped up; some propose to produce a less quantity of any commodity;

dity ; cultivators, artisans, &c. choose to employ fewer hands ; in consequence, more or less labouring people may be obliged to try new trades, in competition with those established in them, on whom they may encroach more or less. The misery or deaths which follow have not, I believe, been ascertained in any one case ; there may be more or less. Though none may die literally of hunger, yet no small number of grown persons, and many children, may die of diseases brought on by scanty or unwholesome nourishment, bad lodging or clothing, besides that diseases owing to none of them lie heavier on persons in such circumstances.

Slaves may suffer less from this than free labourers.

Observations

Observations on Foreign Trade.

I SHALL state, on one side, the class of artificers, and, on the other, those who supply every article of expence that itself does not make.

It is more advantageous for government to have both sides of the exchange in the country than only one. It can choose where to lay its taxes, and the number of people may sometimes be of the utmost consequence.

Case First.

THE exchange of commodities produced by either class in one nation, for those of the same class in another.

Case

Case Second.

EXCHANGE of the artisan commodities of one nation for those of the other class of a second.

The demand for the commodities of one may be more steady than for those of the other.

The commodities of one class may be of more use at home, upon a stagnation, than those of the other.

On a rupture, the effect of the greater command of necessaries, may be great : Government can always find people able to make arms.

EITHER may come to have both sides of the exchange within itself, sooner than the other.

It

It is better in the monarchies of Europe, and even in the greater republics, to tax rent, than profit of capitals.

Artisans within a country have such advantages which foreigners have not, that they cannot fail to draw to themselves, in the end, any business they aim at. In the great nations of Europe, the national income is increasing ; taste changes continually ; novelty pleases ; the weight of correspondence, stock, and skill is great ; so that foreigners still sell much to all of them, and would sell more, if they were not restrained.

Artisans may surely draw an income from foreign nations, though the produce of the land, &c. in their own, is carried to the greatest possible height.

Case Third.

THE above, with what I have said on mines of money metals, in my observations on the home trade, show all I have to say on the money balance.

Bounties on Exportation.

THE money price of any commodity may be raised by the bounty.

It may also be lowered by the bounty ; for the bounty may cause an additional production, which the situation of other nations does not encourage the dealers to export.

It has always been proposed to give this bounty on the production, no matter how produced,

produced, it therefore tends to improve their methods, no more than any other equal spur to their industry.

The capital to carry on the production must be taken from some other employment, or, which is of the same effect, puts another capital into the hands of the dissipating borrower.

Many, however, will exert themselves for the higher, that would not for the natural price. Others, again, will be confirmed in their inactivity and bad methods, by the greater probability of sale.

Artisans and merchants go more readily into one another's trades than into the farmer's.

Will the production caused by the money balance gained by the bounty, often replace to government the bounty ?

Com-

*Comparison of the Domestic and Foreign
Trades.*

A slight examination shows, that less time is required to bring the returns in many branches of the foreign trade, than in many of the domestic ; but, in any one branch of business, more time is generally needed to bring in the returns when the sale is made abroad, than if it had been made at home.

It is better for a nation to have the same amount of employment by people within the country, than by foreigners, as the employ is exposed to fewer causes of failure.

Obser-

Observations on the Force of Shepherd Nations against the standing Armies of Nations farther advanced in Society.

I.

WE may expect less patience in shepherds than in the others, and also less acuteness in their designs.

II.

Methods of fighting abandoned on the best grounds, may have great success for some time, because the manner of opposing them is forgot ; but, when one of these has had success much taken notice of, an effectual way of opposing it is in more or less time found out. In process of time, it is discovered that the method of fighting must be varied more or less, when the methods made use of by the enemy are different.

A standing army, which never has seen the face of an enemy, may often be made
to

to attempt great things, merely because they do not know but they are done every day.

III.

Even shepherds may, for a long time, promise themselves success in the attack of entrenched camps ; but, from fronts being often forced, it is found that, to obtain any thing like certainty of defending them with success, troops must be exercised in the defence before-hand.

IV.

Hunting nations, when they can be trusted, are by far the best scouts. A civilized nation might make great use of shepherds, particularly riding nations, to lay waste an enemy's country. If the Russian empire were attacked by any such combination as threatened it with the loss of much power or territory, the court would,

would, without scruple, let loose their Cossacks, &c. ; a body of these, not great, mounted on their hardy horses, under the direction of Russian officers, might, in no long time, lay waste an extent of plains equal to the Prussian monarchy.

V.

War, as other arts, is continually improving ; the capacity of men is so too. Yet, from the good sense, humanity, love of ease and quiet, aversion to fatigue, selfishness, fear of encountering dangers which are new, the want of epidemical passions, and of blind prejudice in favour of one's self in its people, a nation, in the last stage of society, may be conquered, province by province, or perhaps even at once, by any shepherd nation that chooses to attack it. No art, by which a reward of wealth, or fame, proportioned to its difficulty, is not gained, will be followed by many.

A Particular Case.

It has been said, that the Prussian empire is upon diet, that the British empire is in that state in which the physician allows his patient to do what he pleases, will be held by many of those who consider all the circumstances of its condition.

There is no harm in my printing an inquiry, whether a scheme be not the best that a bad situation allows. It is, to give up every inch of ground without Britain, the King retaining in Ireland the same power he has here; to drop the fleet.

We are at war with a combination far superior to us in power. Though, by any of these whimsical accidents which happen so often in the world, we should get out of this with little or no loss of territory, we must expect to be soon in war again.

War

War adds little to our taxes ; our country is not the seat of it ; we are republicans, cut off, in some measure, from the world, no wonder if we are readier to enter into war than any other people. The wars we have begun, merely to get a choice of markets to sell goods, are well known. The expence laid out by the French and Spaniards on their fleets, shows they are resolved to defend their colonies ; and have we any title or reason to expect they will leave us any they can take ?

The grandeur of the French monarchy seemed to render only its appearance necessary ; but, may not a minister arise who will sacrifice connection enough to give the monarchy the effect that its wealth, and the character of its subjects, entitles it to ?

It is more difficult to form troops in Britain than on the Continent, and the disposition

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F disposition

disposition of parliament, the army appearing less necessary to us, led ministry to make use of military commands as ranks and pensions *. When the army was more necessary, ours might be little inferior to those of our neighbours. The country could now maintain a great army; so that an invading enemy would be liable to much more expence than we.

The only advantage in the colony trade was, that the employment of the poor was certain. The capital shut out of it, would perhaps give more subsistence in other branches at home. The shipping business might perhaps suffer. It is probable that few capitals would quit the country. In some countries, the rank of a merchant is less honourable; in others, the profits are less, and they would have to contend

* After every allowance to be made for party and gazette manoeuvres, the fleet in the late trials of the two Admirals, made an appearance that was little expected

contend with abilities more sharpened than their own ; in others, they would be strangers, or find their countrymen their competitors ; in others, no more sale than at home. By restraining Ireland, the poor are less exposed to chance ; but, perhaps, the whole employ is less. The sovereignty of the King would secure one considerable branch, the court dresses.

Without any dissertation upon the quadrille party on the Continent, it will be allowed, that there is no occasion for our interference to stop any preponderating power : When there shall, the more rest we have, the more we can do.

The longer it is deferred, the more our burdens are increased.

The increase of the national debt may lead the people to wish for monarchy, as the only chance they have of getting rid of it.

Confined

Confined to Britain, the situation of the King would be far more enviable than that of any monarch in Europe.

If undertaken, it would be easily executed.

Why not undertaken, and that immediately?

* * * * *
* * * *Hic multa desiderantur.* * * *

WHEN I read the within, I am tempted to think, that I too am a painter; but, when I reflect that belief has been analysed, I relapse into my natural scepticism, and rest satisfied, that, of all safe things, hesitation is still the safest.

E R R A T U M.

Page 22. line 10. *for much read any.*



